



2023/24 Budget Citizen's Guide – NURTURING A NATION

Akakitekiteanga Akapapaanga moni 2023/24 – Ututu'anga Ipukarea

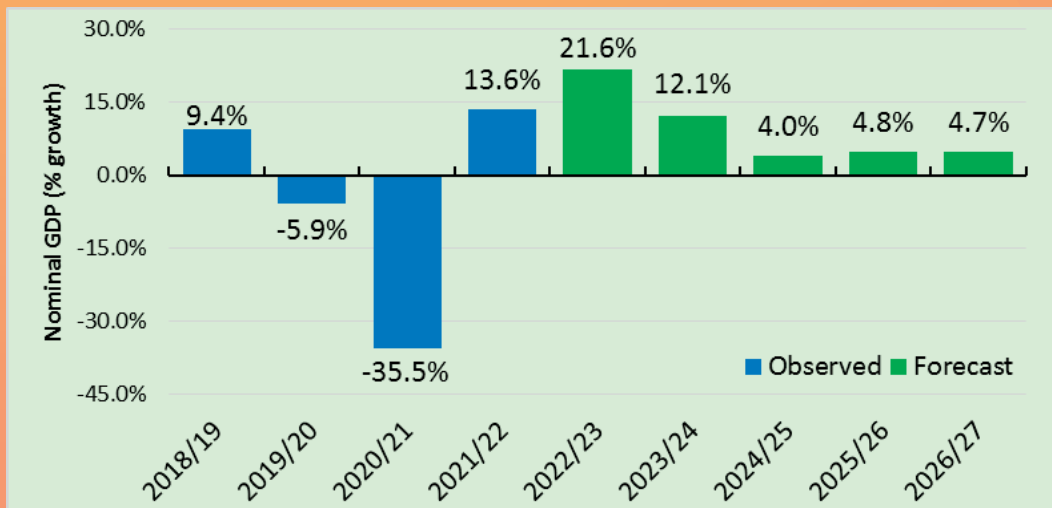
The 2023/24 Budget reaffirms the Cook Islands Government's commitment to sound fiscal and economic management as the country continues to recover from the economic impacts of the COVID-19 pandemic. The initiatives supported in this year's budget aims to promote sustainable growth while also caring for our most vulnerable in the community and protecting our environment.

Te akapapu akaou nei te Akapapaanga moni 2023/24 i te akaatingaanga a te Kavamani Kuki Airani ki te moni koi e te akatereanga akapuapinga tau, i to tatou ipukarea e ea mai nei no roto i te akatukiaanga a te Maki Koviti 19. Ko te au manakonakoanga tei turua ki roto i te akapapaanga moni o teia mataiti te akakoro nei te reira i te akapararauare i te tupuanga matutu ma te akono katoa i te au tangata tei anoano maata i te tauturu e pera te paruruanga i to tatou aorangi.

ECONOMIC AND FISCAL UPDATE - NŪTI NO TE KIMI PŪ'APINGA E TE MONI

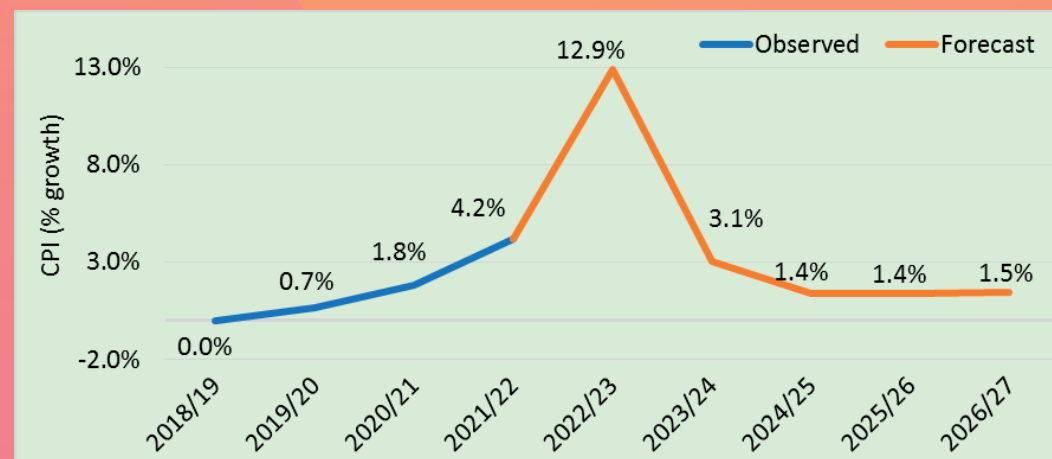
The Cook Islands' economy has recovered faster than expected from COVID-19 due to the rapid recovery in tourist arrivals. With improved airline routes, the economy is expected to grow by 21.6% in 2022/23, followed by a growth of 12.1% in 2023/24. After that, the economy's growth will even out and stay between 4% and 5% from 2024/25 onwards.

Kua viviki atu te tupuanga o te tuanga kimi puapinga i te Kuki Airani nei i tei tamanakoia mei roto mai i te Koviti 19 i te mea e kua maata te au turoto tei tae mai ki roto i to tatou ipukarea. I te mea e kua maata te au kaveinga pairere e rere mai nei, kua irinakiia e ka tupu te tuanga kimi puapinga mei te 21.6% i te mataiti 2022/23, aru katoa atu i te reira mei te 12.1% i te mataiti 2023/24. Ki muri ake i te reira ka noo tinamou te tupuanga kimi puapinga ki rotopu i te 4% e te 5% mei te mataiti 2024/25 e aere uatu ki mua.



Inflation: For 2022/23, the price of goods and services increased by around 12.9%, the highest price inflation that the Cook Islands has experienced. The rise in the cost of goods and services are due to external factors such as global fuel prices and supply chain constraints. The forecasts below indicate that the prices will increase more slowly in 2023/24 as the impacts of these factors pass.

Akakakeanga: I te mataiti 2022/23, kua kake te tutakianga i te au apinga okooko e te angaanga mei te 12.9% e ko te akakakeanga maata roatu teia ta te Kuki Airani i na roto. Ko te tumu o teia akakakeanga i te tuanga okooko e te angaanga koia oki no tetai au angaanga e tupu nei ki tai mai, mei te okoanga penitini e te ngatā o te tu'a'anga o te au apinga tei anoanoia. Ko te akaraanga mamao i raro nei te akakite nei te reira e ka kake marie te tutakianga i te mataiti 2023/24 ia tatou e na roto nei teia au manamanata.



Fiscal outcomes: Higher revenue and lower expenditure than expected in 2022/23 has resulted in an operating surplus of \$15.4 million, and a fiscal surplus of \$7.2 million.

The 2023/24 Budget continues the recovery in the broader fiscal position, with operating expenditure estimated to be slightly higher than government revenue (by \$0.9 million). Capital investments of \$22.8 million result in an overall fiscal deficit of \$8.3 million.

Over the **medium-term**, government revenues are expected to increase while expenditure levels reduce to \$188.6 million by 2026/27. A surplus is expected in the outer years for both the operating and the overall fiscal balances as the economic recovery continues.

As the overall budget gets better, the government will need to respond to inflationary pressures on expenses and wages over the next four years.

Te Turanga Moni: Kua riro te maata o te moni tei rauka mai e te meangiti o te akapouanga ki roto i te mataiti 2022/23 i te oronga mai i tetai tuanga moni tere e \$15.5 mirioni, e pera katoa tetai tuanga moni tere (te au akapouanga a te au pitiniti e te paunuanga apinga angaanga) e \$7.2 mirioni.

Ko te akapapaanga moni 2023/24 te tupu nei te reira ki roto i te maataanga o te turanga moni e kote akapouanga kua tamanakoia e tei runga uake te reira i te moni koikoi a te Kavamani (mei tetai \$0.9 mirioni) Ko te moni akapuapinga e \$22.8 mirioni kua iti mai te reira mei te \$8.3 mirioni.

Ki roto i te tuanga i rotopu ko te moni koi a te Kavamani kua irinakiia e ka maata atu te reira inara ko te revera akapouanga ka iti mai te reira ki te \$188.6 mirioni i te mataiti 2026/27. Kua irinakiia e e moni tetai ka toe mai ki roto i te au mataiti i vao ake ki roto i te tuanga akapuapinga e te parani moni ia tatou e tupu maira mei roto i te akatukiaanga kimi puapinga.

I te katoaanga o te akapapaanga moni e meitaki atura ka anoanoia te kavamani kia akara matatio i te akakakeanga ki runga i akapouanga e te moni tutaki aronga angaanga i teia nga mataiti e 'ā e tu mai nei.

\$ Million	2021/22 Actual	2022/23 Est. Actual	2023/24 Budget Estimate	2024/25 Proj.	2025/26 Proj.	2026/27 Proj.
Total Operating Revenue (\$m)	179.0	182.0	199.1	200.7	203.9	210.4
Total Operating Expenditure (\$m)	203.4	166.6	200.0	191.2	190.8	188.6
Operating Balance surplus/ deficit (\$m)	-24.5	15.4	-0.9	9.6	13.2	21.8
Capital Expenditure	23.8	22.3	22.8	17.2	19.2	19.6
Depreciation	13.4	14.0	15.4	15.4	15.4	14.8
Overall Fiscal Balance surplus/deficit (\$m)	-34.8	7.2	-8.3	7.7	9.4	17.1
% of GDP	-8.8	1.5	-1.5	1.4	1.6	2.8
Net Crown Debt, end of FY (\$m)	217.4	220.1	204.8	189.3	172.2	153.1
% of GDP	54.8	45.6	37.8	33.6	29.2	24.8
Gross Domestic Product (\$m)	396.9	482.8	541.5	563.3	590.1	617.9

Government Debt

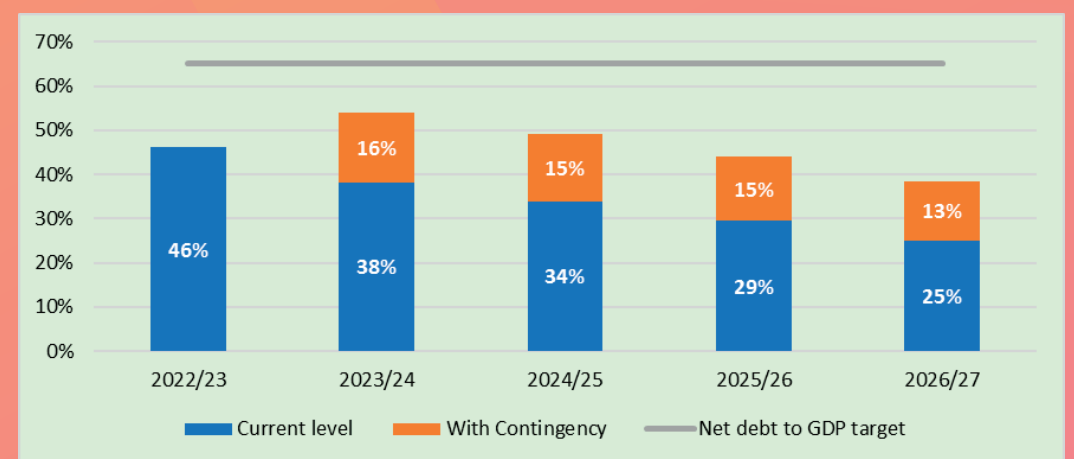
The overall level of debt taken on by government relative to national income as measured through GDP is estimated to be 46% for 2022/23 and 38% for 2023/24. This is well within government's ability to repay back its debt.

As the economy recovers and GDP improves year-on-year, the government's debt relative to GDP is expected to fall over the medium-term as government continues to repay its debt, particularly the debt incurred to assist the country to respond to the effects of COVID-19.

Te Kaiou a te Kavamani

Ko te katoaanga o te revera kaiou tei raveia e te kavamani tei atui ki te kopapa moni a te basileia tei vaitoia na roto i te GDP kua tamanakoia e mei te 46% no te mataiti 2022/23 e te 38% no te mataiti 2023/24. Tei roto teia i te kotinga te ka rauka i te kavamani i te tutaki i tana kaiou.

I te Tuanga kimi puanga e matutu maira e te GDP e maranga maira ki runga i te au mataiti tatakaitai ko te kaiou a te kavamani tei atui ki te GDP kua irinakiia e ka meangiti mai te reirai te au mataiti i rotopu i te kavamani e tutaki ra i tana kaiou, ko te kaiou tikai tei kiritiia mai no te tauturu i to tatou i tuatau i tomo ei tatou na roto i te Koviti 19.



ECONOMIC RECOVERY ROADMAP (ERR) - ARANUI AKAMĀTŪTŪ I TE KIMI PŪ'APINGA

The ERR is the government's main vehicle to drive the Cook Islands' economic recovery from COVID-19. It has provided support for economic stimulus and continues to support reform measures to strengthen the economy going forward. A total of \$3.5 million has been allocated for 2023/24.

Ko te ERR ko te matini maata teia ta te kavamani e taangaanga nei no te kiriti mai ia tatou mei roto mai i te Koviti 19. Kua tauturu te reira i te akakeuanga puapinga e kua turu uatu rai i te vaitoanga akameitaki ei ravenga no te akamatutu i te puapinga ipukarea no te tuatau ki mua. E \$3.5 mirioni i akatuangaia no te mataiti 2023/24.



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REVENUE AND SPENDING - MONI KOI E TE TŪTAKI'ANGA

For 2023/24, government is expecting to collect \$289 million in total revenue. This includes grants received from development partners as Official Development Assistance (ODA). In addition, government is expecting to spend \$312 million on projects, programmes and initiatives (including ODA-related expenditure) that aim to improve the livelihood of people in the Cook Islands.

No te mataiti 2023/24 te tamanako nei te Kavamani i te koi e \$289 mirioni. Tei roto i konei te au tutakianga tei rauka mai mei ko mai i te au patana akamatutu ei Tauturu Akamatutu Akamanaia(ODA). Kapiti katoa mai, te tamanako nei te kavamani i te akapou e \$312 mirioni ki runga i te au tuanga angaanga mamaata, te au porokaramu e te au tamanakoanga(kapitiia mai te akapouanga ODA) tei akakoroia no te akamatutu i te oraanga o te iti tangata Kuki Airani.

Where revenue comes from (\$ millions)		
Taxation	\$ 162.2	56.2%
Aid Funding*	\$ 89.7	31.1%
Other revenue**	\$ 36.9	12.8%
Total Revenue	\$ 288.8	100.0%

*Aid funding received from development partners are typically overstated as the individual amounts may not be finalised for expenditure during the year but are subject to provisional agreement at the time of budget

**Other revenue comprises of fishing revenues, motor vehicle registration, immigration fees, fines and permits.

Where Taxpayer's money is spent (\$ millions)		
Economic Affairs+	\$ 118.9	38.1%
General Public Services++	\$ 88.0	28.2%
Other Expenditure+++	\$ 36.8	11.8%
Social Protection	\$ 26.0	8.3%
Health	\$ 21.4	6.9%
Education	\$ 21.3	6.8%
Total Expenditure	\$ 312.5	100.0%

+Economic affairs accounts for spending related to agriculture, marine, construction, transportation, tourism and general Economic affairs like the ERR.

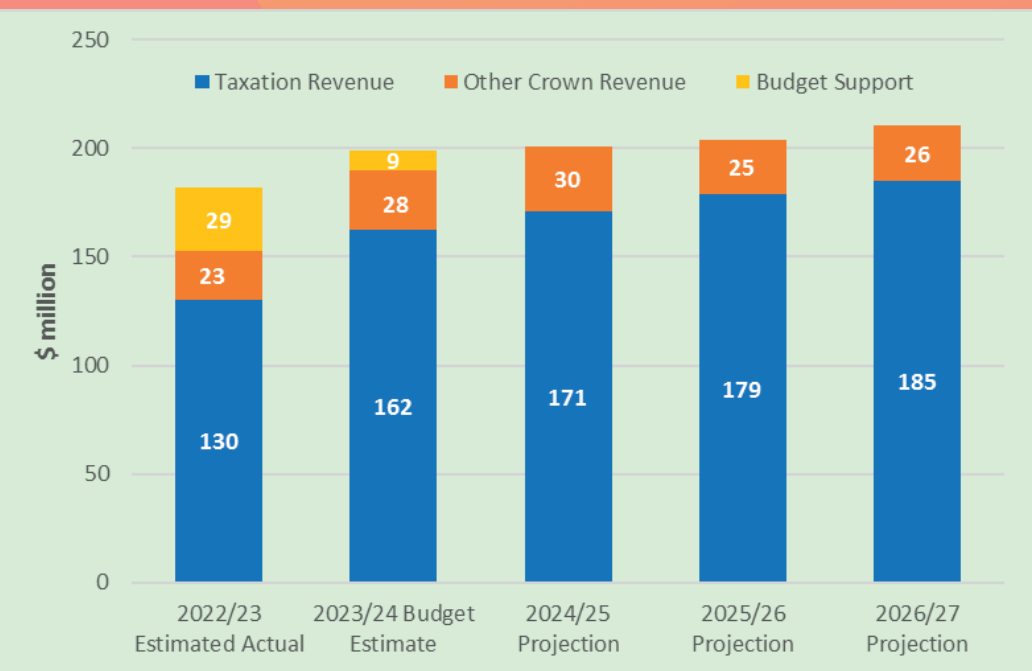
++General public services include the administrative and finance functions of government

+++Other expenditure includes cost associated towards public order and safety, environmental protection, housing and community amenities, recreation, culture, and religion.

REVENUE FORECASTS - 'ĀKARA MAMĀO NŌ TE MONI KOI

By the end of the 2022/23 year, government expects to earn \$182 million in operating revenue, mostly from taxes such as value-added tax (VAT). This total does not include the revenue received from development partners as ODA. Government revenue is also made up of Budget support received from the New Zealand Government of \$29 million to support the Cook Islands' economic recovery efforts. This is followed by other revenue received, primarily through fisheries, vested assets and the collection of coins and currency.

Operating revenue is expected to increase to \$199 million for 2023/24 largely through increased economic recovery, as tax revenues tend to recover more slowly than the broader economy. Modest increases in the collection of other taxes as the economy improves are also expected, resulting in an estimated total tax revenue of \$162 million. Approximately \$28 million will be earned from other revenue and \$9 million will be received from the New Zealand Government for Core Sector Support.



I te opeanga o te mataiti 2022/23, kua tamanako te kavamani e ka rauka mai mei te \$182 mirioni no roto mai i te i te tuanga moni koi, e ko te maataanga no roto mai i te moni tero(VAT). Kare te moni koi mei ko mai i te au patana akapuapinga mei te ODA i tauruia ki roto i teia kopapa moni. Tei roto katoa i te moni koi a te kavamani te au tuanga moni e rauka mai ana no ko mai i te Kavamani Nutireni e \$29 mirioni no te tauturu i te akamatutu i te au ravenga kimi puapinga. Aru katoa atu i te reira te moni koi e rauka mai ana no roto i te tuanga tautai, te au apinga angaanga e te ko'anga i moni tenetene e te moni peapa.

Ko te moni taangaanga kua tamanakoia e ka akamaataia te reira ki te \$199 mirioni no te mataiti 2023/24 tei rauka maata mai mei roto turanga akamatutu, i te mea e kua maranga marie mai ta tatou moni koi o te tuanga tero ki runga ake i te tuanga kimi puapinga katoatoa. Kua irinaki katoaia e ka maranga marie mai te koianga o tetai au tero takake i te tuanga kimi puapinga e matutu mai ra te ka oronga mai i te katoaanga o te moni tero koi e \$162 mirioni. Ka rauka katoa mai mei te \$28 mirioni no roto mai i tetai au moni koi takake e, e \$9 mirioni tara ka rauka mai no roto i te moni tauturu a Nutireni.

OPERATING EXPENDITURE MEASURES - RĀVENGA TAUTURU I TE 'AKAPOU'ANGA MONI

Key expenditure initiatives for the 2023/24 Budget include:

- Minimum wage adjustment – \$1.5 million over four years for the minimum wage, primarily for the Pa Enea Island administrations.
- Airline Route Development – an increase of \$5.3 million from 2024/25 and \$15.3 million over four years to support airline contracts.
- Increase in welfare payments – \$3.4 million over four years to account for an increase in welfare beneficiaries and an increase in the payment rate for the Caregiver's allowance, Destitute payment and the Power Subsidy.
- Health workforce – additional \$0.3 million annually to support the recruitment and retention of healthcare workers.
- Teacher's remuneration – \$0.6 million over four years to support the third tranche of the teachers' remuneration adjustments.
- Environmental programmes – approximately \$0.8 million in 2023/24 to support the removal of legacy waste and to conduct a feasibility study on coastal protection for Rarotonga and Aitutaki.
- Seabed Minerals – \$2.0 million over four years in the Seabed Minerals sector.
- ICT Activities – \$4.2 million over four years for the government ICT network upgrade.

Te au tuanga akapouanga moni no te mataiti 2023/24:

- Akatanoanga i te moni tutaki – E \$1.5 mirioni i teia 'ā mataiti e tu mai nei no te akatanoanga i te kotinga moni tutaki ki roto tikai i te tuanga akatere o te Pa Enea.
- Rereanga pairere – Kua orongaia e \$5.3 mirioni no te mataiti 2024/25 e pera katoa e \$15.3 mirioni no te tauturu i te rereanga pairere i teia 'ā mataiti e tu mai nei.
- Akamaata i te moni tupae – E \$3.4 mirioni i akatuangaia no teia 'ā mataiti e tu mai nei no te akakakeanga i te moni tupae e pera te akakakeanga i te moni tutaki ki te au tangata tiaki i te au metua pakari, te au tangata apikepiki e te moni tauturu i te tutakianga uira.
- Aronga angaanga o te tuanga rapakau maki- kua kapitiia mai e \$0.3 mirioni no te koianga e te paruruanga i te aronga angaanga a te tuanga rapakau maki.
- Tutakianga i te au Puapii - E \$0.6 mirioni no teia 'ā mataiti e tu mai nei no te turu i te toru o te tutakianga moni a te au puapii.
- Porokaramu Aorangi - Mei tetai \$0.8 mirioni no te mataiti 2023/24 no te turu i te akatakake i te au titā taee e te raveanga i te akara matatio ki te au ravenga paruru i te tapa taatai o Rarotonga e Aitutaki.
- Minera takere moana - E \$2.0 mirioni i akatuangaia no teia 'ā mataiti e tu mai nei i te turu i te tuanga Minera takere Moana.
- Te au angaanga a te Atutui roro uira - E \$4.2 mirioni no teia 'ā mataiti e tu mai nei no runga i te akameitaki atu i te tuanga roro uira.

CAPITAL INVESTMENTS - AKAPUTU'ANGA APINGA 'ANGA'ANGA

Key capital investments include:

- Manihiki Airport – \$0.6 million for the ongoing design work and \$12.3 million through the Infrastructure Trust Fund (ITF) for the airport upgrades.
- Avarua Town Plan – \$7.6 million has been allocated through the ITF for the implementation of this project.
- Northern group battery replacement – \$7.5 million through Climate financing to replace the solar batteries for the Northern group islands.
- Road Asset Management and Improvement Program – \$4.9 million in 2023/24 and \$25.8 million over four years to improve the road networks.
- Nassau Harbour – \$2.4 million in 2023/24 for design and construction work
- Government Building Projects – \$1.3 million in 2023/24 to construct or improve the government buildings on Rarotonga.
- Government Building Projects – \$0.5 million in 2023/24 to complete the construction of Te Tautua hospital in Penrhyn.
- Protocol Vehicles – \$2.0 million for the purchase of protocol vehicles for the Pacific Islands Forum Leaders meeting to be held in November 2023.

Te au Akapouanga puapinga:

- Tau Manureva o Manihiki – E \$0.6 mirioni no te paranianga e raveia nei e pera e \$12.3 mirioni mei roto mai i te Infrastructure Trust Fund (ITF) no te akameitaki i te tau manureva.
- Parani o te Taoni Avarua – Kua akatuangaia e \$7.6 mirioni mei roto mai i te ITF no te akanekeanga i teia tuanga angaanga.
- Monoanga i te au patiri o te Pa Enea Tokerau – E \$7.5 mirioni mei roto mai i te tuanga moni o te tuanga reva no te tau i te au patiri o te pa enua tokerau.
- Akapuapingaanga e te akameitakianga i te mataara – E \$4.9 mirioni no te mataiti 2023/24 e pera katoa e \$25.8 mirioni no te akameitaki i te au mataara i roto i teia 'ā mataiti e tu mai nei.
- Uapu o Nassau- E \$2.4 mirioni ki roto i te mataiti 2023/24 no te akakeuanga i teia tuanga angaanga.
- Puakapa o te Kavamani- E \$1.3 mirioni no te mataiti 2023/24 i te akameitaki i te au puakapa o te kavamani ki runga ia Rarotonga.
- Puakapa o te Kavamani- E \$0.5 mirioni no te mataiti 2023/24 no te akaoti i te are maki o Te Tautua i Penrhyn.
- Motoka Akatau Manuiri – E \$2.0 mirioni no te oko mai i tetai au motoka akatau manuiri no te au arataki te ka piri ki roto i te uipaanga maata te ka raveia ki roto ia Noema mataiti 2023.